### Johnson

Amending Title 2, Chapter 20 of the Minneapolis Code of Ordinances relating to Administration: Personnel: Article VI, Severance Pay and Accrued Sick Leave Benefit.

The City Council of The City of Minneapolis do ordain as follows:

Section 1. That the title of Article VI, Chapter 20 of the Minneapolis Code of Ordinances be amended to read as follows:

# ARTICLE VI. SEVERANCE PAY, AND ACCRUED SICK LEAVE BENEFIT\* RETIREMENT INCENTIVE AND HEALTH CARE SAVINGS PLAN

Section 2. That Section 20.240 of the above-entitled ordinance be amended by deleting and adding definitions in alphabetical sequence to read as follows:

**20.420. Definitions**. Accrued sick leave: Sick leave credit earned <u>and not used</u> pursuant to civil service commission rules, <u>a collective bargaining agreement, a compensation plan for appointed personnel, or a compensation plan for non-represented personnel. or earned pursuant to a collective bargaining agreement.</u>

Accrued vacation leave: Vacation leave credit earned and not used pursuant to civil service commission rules, a collective bargaining agreement, a compensation plan for appointed personnel, or a compensation plan for non-represented personnel.

Annual salary adjustment: The across the board salary adjustment granted by council excluding any step, longevity or other adjustment.

Eligible employee: Eligible employees are all regularly appointed and non-represented employees of the City and all regularly appointed and non-represented employees of the City's independent boards and commissions which have adopted this plan by resolution and whose employees receive paychecks processed by the City and who meet the contribution requirements of 20.440.

Health care savings plan: The Minnesota Post Retirement Health Care Savings Plan established under Minnesota Statutes, section 352.98 and outlined in the Minnesota State Retirement System's Trust and Plan documents.

Retirement: For the purposes of this health care savings plan ordinance, retirement shall mean employees leaving the employ of the city under one of the following situations:

- (1) the employees have no less than twenty (20) years of service as computed for retirement purposes, or
- (2) the employees have reached sixty (60) years of age, or
- (3) the employees are required to retire earlier because of either disability, or
- (4) the employees have reached mandatory retirement age.

Section 3. That Section 20.430 of the above-entitled ordinance be amended to read as follows:

20.430. Establishment of <u>a health care savings</u> an accrued sick leave benefit plan. Employees who retire from a city position and who meet the requirements set out in section 20.440, shall be paid accrued sick leave in accordance with this plan. There is hereby established a health care savings plan through which employees can build a tax free savings account for payment of post employment eligible health care expenses.

Section 4. That Section 20.440 of the above-entitled ordinance be and is hereby repealed.

- **20.440.** To whom payable. (a) Payment of accrued sick leave benefits shall be made only to employees who at the time of retirement have accrued sick leave credit of no less than sixty (60) days, and meet one (1) of the following requirements:
- (1) have no less than twenty (20) years of service as computed for retirement purposes, or
  - (2) have reached sixty (60) years of age, or
  - (3) are required to retire earlier because of either disability, or
  - (4) have reached mandatory retirement age, or
  - (5) die prior to retirement.
- (b) When an employee having no less than sixty (60) days accrued sick leave dies prior to retirement, the accrued sick leave benefits shall be paid to the beneficiary or beneficiaries designated on his or her Minneapolis Group Life Insurance Policy; or if no beneficiary is designated, to the employee's estate.

Section 5. That Chapter 20 of the Minneapolis Code of Ordinances be amended by adding thereto a new Section 20.440 to read as follows:

20.440. Contributions. (a) Accrued sick leave upon retirement. Employees who retire from employment with no less than 480 hours or no less than sixty (60) days of accrued sick leave will have 50% of the accrued sick leave hours converted into cash at a daily rate of pay for the position held by the employee on the day of retirement or termination, notwithstanding subsequent retroactive pay increases and deposited into their health care savings account. The conversion and deposit shall occur within thirty (30) days of the date of the retirement.

# (b) Accrued vacation leave.

- (1) Appointed employees participating in the Minneapolis Employees

  Retirement Fund who retire or terminate employment with accrued vacation leave will have 100% of the accrued vacation hours or days converted into cash at an hourly or daily rate of pay for the position held by the employee on the day of retirement or termination, notwithstanding subsequent retroactive pay increases and deposited into their health care savings account. The conversion and deposit shall occur within thirty (30) days of the date of the retirement or termination.
- (2) Appointed employees participating in the Minneapolis Police Relief Association and the Minneapolis Fire Relief Association who retire or terminate employment with accrued vacation leave will have 100% of the accrued vacation hours or days converted into cash at an hourly or daily rate of pay for the position held by the employee on the day of retirement or termination, notwithstanding subsequent retroactive pay increases and deposited into their health care savings account. The conversion and deposit shall occur within thirty (30) days of the date of the retirement or termination.
- (3) Non-represented employees participating in the Minneapolis Employees
  Retirement Fund who retire or terminate employment with accrued vacation
  leave will have 50% of the accrued vacation hours or days converted into
  cash at an hourly or daily rate of pay for the position held by the employee on
  the day of retirement or termination, notwithstanding subsequent retroactive
  pay increases and deposited into their health care savings account. The
  conversion and deposit shall occur within thirty (30) days of the date of the
  retirement or termination.
- (4) Appointed employees participating in the Public Employees Retirement
  Association who retire or terminate employment with accrued vacation leave
  will have 50% of the accrued vacation hours or days converted into cash at
  an hourly or daily rate of pay for the position held by the employee on the day

- of retirement or termination, notwithstanding subsequent retroactive pay increases and deposited into their health care savings account. The conversion and deposit shall occur within thirty (30) days of the date of the retirement or termination.
- (5) Non-represented employees participating in the Public Employees
  Retirement Association who retire, or terminate employment with accrued vacation leave will have 50% of the accrued vacation hours or days converted into cash at an hourly or daily rate of pay for the position held by the employee on the day of retirement or termination, notwithstanding subsequent retroactive pay increases and deposited into their health care savings account. The conversion and deposit shall occur within thirty (30) days of the date of the retirement. The remaining 50% of the accrued vacation hours shall be converted into cash at a daily rate of pay for the position held by the employee on the day of retirement or termination, notwithstanding subsequent retroactive pay increases and shall be paid to the employee with thirty (30) days of retirement.
- (c) Percentage of the annual salary adjustment.
- (1) Appointed employees who are members of the Minneapolis Employees

  Retirement Fund shall contribute 66 2/3% of their annual salary adjustment.

  The contributions will be made to the employee's health care savings account each pay period.
- (2) Appointed employees who are members of the Minneapolis Police Relief Association and the Minneapolis Fire Relief Association shall contribute 66 2/3% of their annual salary adjustment. The contributions will be made to the employee's health care savings account each pay period.
- (3) Non-represented employees who are members of the Minneapolis

  Employees Retirement Fund shall contribute 33 1/3% of their annual salary
  adjustment. The contributions will be made to the employee's health care
  savings account each pay period.
- (4) Appointed employees who are members of the Public Employees

  Retirement Association shall contribute 33 1/3% of their annual salary
  adjustment. The contributions will be made to the employee's health care
  savings account each pay period.
- (5) Non-represented employees who are members of the Public Employees
  Retirement Association shall contribute 33 1/3% of their annual salary
  adjustment. The contributions will be made to the employee's health care
  savings account each pay period.

Section 6. That Section 20.450 of the above-entitled ordinance be and is hereby repealed.

- **20.450.** Amount and manner of payment. (a) The accrued sick leave benefit for each employee eligible pursuant to 20.440 shall be one-half (1/2) of the daily rate of pay for the position held by the employee on the day of retirement, notwithstanding subsequent retroactive pay increases, for each day of accrued sick leave unless the amount or manner of payment is different in the applicable collective bargaining agreement.
- (b) Such accrued sick leave benefit shall be distributed to each employee eligible under 20.440 and who retires after June 1, 2001, in a lump sum with all applicable federal and state taxes withdrawn not more than thirty (30) days after the date of the employee's retirement.
- (c) The remaining unpaid accrued sick leave benefit of each individual who retired prior to June 1, 2001 shall be paid in a lump sum not more than thirty (30) days after the effective date of this ordinance. All applicable federal and state taxes shall be withdrawn on the balance of the remaining unpaid accrued sick leave benefit.

Section 7. That Section 20.455 of the above-entitled ordinance be amended to read as follows:

20.455. Severance pay for appointed employees. (a) Beginning January 1, 1999, all full-time appointed employees who are not represented through a collective bargaining agreement with the city, including the Executive Director of the Minneapolis Community Development Agency, but excluding those appointees in the council's and mayor's offices, shall enter into an employment contract with the city. The employment contract shall set forth all the terms and conditions of employment, including, except for those employees who are appointed for a term, the condition of employment that the employee is "at will" and may be removed from the appointed position by the appointing authority with or without cause. The employment contract shall provide that if the employee is removed from the employee's position, other than for malfeasance, misfeasance or nonfeasance in office, the employee shall receive a lump sum payment equal to fifty (50) percent of the employee's annual salary. The payment of this severance pay is pursuant to Minnesota Statutes Section 465.72 and 465.722 and is conditioned upon the employee agreeing to release the city from any and all causes of action or claims the employee may have against the city and complying with all applicable notice, waiver and rescission provisions in federal and state law and is in addition to any contribution to the health care savings plan authorized by section 20.440 the payment of any eligible accrued sick leave benefit authorized by section 20.450. Severance payments under this section shall be paid within thirty (30) days after the expiration of all applicable notice, waiver and rescission time periods. Employees

who elect to not execute a general release of causes of action or claims have no right to any severance payment under this section. In no event shall any severance payment exceed the amount allowed under Minnesota law.

(b) Those appointed employees that execute the release described in paragraph (a) and subsequently return to or accept another city position shall receive as severance pay an amount equal to the difference between the annual salary in the position from which the employee was terminated and the annual salary for the position into which the employee is reemployed up to the maximum allowed in paragraph (a). (98-Or-137, § 2, 11-13-98; 2001-Or-061, § 5, 5-18-01)

Section 8. That section 20.460 of the above-entitled ordinance be and is hereby repealed.

- 20.460. Severance pay for at-will employees. (a) In addition to the sick leave payments authorized by this article, and pursuant to the authority and limitations contained in Minnesota Statutes, Sections 465.72 through 465.722, all full time, permanent appointed employees who are not represented through collective bargaining contracts with the city and the deputy director of the Minneapolis Community Development Agency, excluding political appointees in the council and mayor's offices, who are terminated shall receive the following as severance payments:
  - (1) An amount equal to twelve (12) weeks of the employee's annual pay; and
- (2) Notwithstanding any ordinance or policy to the contrary, fifty (50) percent of accumulated sick leave.
  - (b) Payment under this plan shall be subject to the following:
- (1) No payment under (a)(1) above shall be made to employees collecting unemployment compensation.
- (2) If the employee is reemployed in a civil service position with the city at a lesser rate of pay during the twelve-week period, the employee shall receive an amount equal to the difference between the annual salary received in the position from which the employee was terminated and the annual salary for the position into which the employee is reemployed.
- (3) If the employee is employed in a position outside of city employment during the periods in which severance payments under (a)(1) are made, and the annual salary of the position is equal to, or greater than, the annual salary for the position from which the employee was terminated, severance payments shall not be made or shall cease. If the employee is employed in a position outside of city employment during the periods in which severance payments are made, and the annual salary of the position is less than the annual salary from which the employee was terminated,

the employee shall receive an amount equal to the difference between the annual salary received in the position from which the employee was terminated and the annual salary for the position into which the employee is reemployed.

- (4) Severance payments under (a)(1) herein shall not be made if the employee is removed from employment for just cause, or leaves city employment voluntarily, or retires.
- (5) All severance payments under (a)(1) of this plan shall be paid in equal installments at the same times as normal city payroll payments are made. As a condition to receipt of such payments, the employee shall inform the city payroll department of any change in employment status causing reconsideration of the eligibility of the employee to continue payments under this plan.
- (c) Upon request of the employee, the city shall pay an amount not to exceed three thousand five hundred dollars (\$3,500) for outplacement services to assist in the securing of new employment.
- (d) This plan shall be effective on September 1, 1994, but shall not apply to charter department heads appointed prior to the effective date. This plan expires for all full-time appointed employees December 31, 1998, except for those appointed employees who are terminated prior to that date.
- Section 9. That Chapter 20 of the Minneapolis Code of Ordinances be amended by adding thereto a new Section 20.460 to read as follows:
- **20.460 Retirement Incentive Plans.** (a) Plan through May 11, 2003. Any eligible employee who has submitted a signed and completed election to retire form or a signed and completed election to resign form during the prescribed election period and who separates from service after the effective date of this ordinance and prior to May 12, 2003, shall receive a lump-sum cash payment, with all applicable federal and state taxes withdrawn, of the greater of:

### (1) \$20,000; or

- (2) a lump sum equal to the amount of sick leave payable to the employee or contributable to the employee's health care saving account pursuant to a collective bargaining agreement; or
- (3) a lump sum equal to the amount of sick leave contributable to the employee's health care saving account under 20.440(a).
- (b) May 12, 2003 through May 30, 2003 Plan. Any eligible employee who has submitted a signed and completed election to retire form or a signed and completed election to resign form during the prescribed election period and who

separates from service between May 12, 2003 and May 30, 2003 shall have deposited into the employee's health care savings account, the greater of:

## (1) \$20,000; or

- (2) a lump sum equal to the amount of sick leave payable to the employee or contributable to the employee's health care saving account pursuant to a collective bargaining agreement; or
- (3) a lump sum equal to the amount of sick leave contributable to the employee's health care saving account under 20.440(a).
- (c) Eligible employee. For the purposes of this section, an eligible employee means an employee of the City under city council jurisdiction but excluding employees who are members of the Police Officers' Federation of Minneapolis and the International Association of Firefighters, Local No. 82, who resigns with no less than twenty (20) years of qualified service as computed for retirement purposes or who is eligible to retire and receive retirement benefits this calendar year.
- (d) Incentive period. To participate in these incentive plans, the employee must file a written signed election to resign form or a written and signed election to retire form to the Human Resources Department to the attention of the Employee Relations Director, during the prescribed election period of April 14, 2003 through April 18, 2003, inclusive.
- (e) Recision period. An employee may rescind the election to resign or election to retire pursuant to state law, civil service rules or collective bargaining agreement.
- (f) Payment. Payment under section 20.460(a) shall be made within 30 days after the expiration of all applicable notice, waiver and rescission time periods.
- (g) Pension benefit impact. To the extent permitted by law, the contribution shall have no financial impact on the eligible employee's current or future pension benefits.
- (h) Employees who separate employment under the terms of this section, shall be ineligible for future employment with a city department under council jurisdiction.

Section 10. That Section 20.470 of the above-entitled ordinance be and is hereby repealed.

**20.470.** Health/dental insurance continuation for laid off employees. Any benefits eligible employee of the city under council jurisdiction and participating in job bank who is laid off from the city during the period January, 1996, to January, 2004, inclusive, shall have their health/dental insurance continue as follows:

- (1) The level of coverage, single or family, shall continue at the level of coverage in effect for the laid off employee as of the date of layoff.
- (2) The health/dental plan that shall be continued shall be the plan in effect for the employee as of the date of layoff.
- (3) The city shall pay one hundred (100) percent of the premiums for the first six (6) months of COBRA continuance at the level of coverage and plan selected by the employee and in effect on the date of the layoff.
  - (4) This section for laid off employees shall be in force until January 2004.
- (5) The return to work section shall be enforced until January, 2004 at which time it will be evaluated for continuation

Section 11. That Section 20.475 of the above-entitled ordinance be and is hereby repealed.

# **20.475.** Health/dental insurance continuation for certain retired employees. (a) Any employee of the city under council jurisdiction except for sworn members of the fire and police departments who is eligible to retire without penalty and does retire during the month of January, 1996, shall be eligible for the continuation of health/dental insurance until December 31, 2000.

- (b) The level of coverage, single or family, shall continue at the level selected by the employee during open enrollment for 1996.
- (c) The health/dental plan shall continue as the plan selected by the employee during open enrollment for 1996.
- (d) The employee when retired shall be allowed to change the level of coverage and plan selected during the open enrollment period in the same manner and at the same time as the then active employees of the city make their open enrollment selections.
- (e) In the event that the retiree's selection plan is no longer offered by the city, the retiree shall have the option to choose a replacement plan from those plans offered by the city.
- (f) The city shall pay one hundred (100) percent of the premiums for the level of coverage and plan selected by the employee/retiree until December 31, 2000. In the event that the retiree chooses a more expensive level of coverage or plan, the retiree shall pay the additional cost of the premium.
  - (g) This section shall become null and void on January 1, 2001.

Section 12. That Section 20.476 of the above-entitled ordinance be and is hereby repealed.

**20.476.** Payment for unused vacation leave. All employees retiring in January, 1996, and continuing health/dental insurance coverage pursuant to section 20.475 of this chapter must have used all vacation leave or be paid in a lump sum in January 1996.